

104TH CONGRESS
1ST SESSION

S. 1170

To limit the applicability of the generation-skipping transfer tax.

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 10), 1995

Mr. PRESSLER (for himself and Mr. BAUCUS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To limit the applicability of the generation-skipping transfer
tax.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. LIMITATION ON APPLICABILITY OF GENERA-**
4 **TION-SKIPPING TRANSFER TAX.**

5 (a) IN GENERAL.—Section 2651 of the Internal Rev-
6 enue Code of 1986 (relating to generation assignment) is
7 amended by redesignating subsection (e) as subsection (f),
8 and by inserting after subsection (d) the following new
9 subsection:

10 “(e) SPECIAL RULE FOR PERSONS WITH A DE-
11 CEASED PARENT.—

1 “(1) IN GENERAL.—For purposes of determin-
2 ing whether any transfer is a generation-skipping
3 transfer, if—

4 “(A) an individual who has an interest in
5 property is a descendant of a parent of the
6 transferor (or the transferor’s spouse or former
7 spouse), and

8 “(B) such individual’s parent who is a lin-
9 eal descendant of the parent of the transferor
10 (or the transferor’s spouse or former spouse) is
11 dead at the time the transfer from which such
12 interest is established or derived is subject to a
13 tax imposed by chapter 11 or 12 upon the
14 transferor (and if there shall be more than 1
15 such time, then at the latest such time), such
16 individual shall be treated as if such individual
17 were a member of the generation which is 1
18 generation below the lower of the transferor’s
19 generation or the generation assignment of the
20 youngest living ancestor of such individual who
21 is also a descendant of the parent of the trans-
22 feror (or the transferor’s spouse or former
23 spouse), and the generation assignment of any
24 descendant of such individual shall be adjusted
25 accordingly.

1 “(2) LIMITED APPLICATION OF SUBSECTION TO
2 COLLATERAL HEIRS.—This subsection shall not
3 apply to any individual who is not a lineal descend-
4 ant of the transferor (or the transferor’s spouse or
5 former spouse) if, at the time of the transfer, such
6 transferor has any living lineal descendant.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 2612(c) of the Internal Revenue
9 Code of 1986 (defining direct skip) is amended by
10 striking paragraph (2) and by redesignating para-
11 graph (3) as paragraph (2).

12 (2) Section 2612(c)(2) of such Code (as so re-
13 designated) is amended by striking “section
14 2651(e)(2)” and inserting “section 2651(f)(2)”.

15 **SEC. 2. EFFECTIVE DATE.**

16 The amendments made by this Act apply to termi-
17 nations, distributions, and transfers occurring on or after
18 January 1, 1995.

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